

Message Text

CONFIDENTIAL

PAGE 01 STATE 021125

17

ORIGIN AF-18

INFO OCT-01 ISO-00 EB-11 TRSE-00 OS-03 ABF-01 L-03 RSC-01

/038 R

DRAFTED BY AF/E:GGAY:JR:CHG

APPROVED BY AF/E:WBCOOTE

TREASUREY: MR CHIODO

----- 030806

R 312235Z JAN 74

FM SECSTATE WASHDC

TO AMEMBASSY NAIROBI

C O N F I D E N T I A L STATE 021125

E.O. 11 52: GDS

TAGS: AFIN, KE

SUBJECT: NAIROBI INTERNATIONAL SCHOOL TAX LIABILITY

REF: (A) NAIROBI 742; (B) STATE 157517

1. DEPT SOMEWHAT SURPRISED TO LEARN THAT HAMILTON OF USIU STILL ATTEMPTING TO USE EMBASSY AS MEANS OF CONVERTING CURRENCY. REFTEL (B) PARA THREE OUTLINES CONDITION UNDER WHICH TREASURY AND IRS PREPARED TO ACCEPT TAX PAYMENT IN FOREIGN CURRENCY. THESE INCLUDE: "PROCEDURES USED IN ACCEPTING LOCAL CURRENCY MUST NOT CREATE A VEHICLE FOR THE VIOLATION OF EXCHANGE CONTROL LAWS AND REPUTATIONS OF THE COUNTRY INVOLVED."

2. IT HAD BEEN TREASURY'S POSITION THAT SINCE SOME \$20,000 OF USIU'S DEBT TO THE USG AROSE DIRECTLY FROM THE OPERATION OF THE NAIROBI SCHOOL, THAT IT WOULD BE REASONABLE THAT THE US EMBASSY COLLECT THIS AMOUNT IN LOCAL CURRENCY AND USE THESE FUNDS IN LIEU PURCHASING SHILLINGS FOR IN-COUNTRY EXPENSES. HOWEVER, ON BASIS OF EMBASSY'S JUDGMENT THAT PURCHASE FROM NIS BY EMBASSY OF KENYAN SHILLINGS IS ILLEGAL, TREASURY AND IRS HAVE AGREED NOT TO PURSUE THIS AVENUE ANY FURTHER.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 021125

3. DEPT HAS LEARNED THAT USIU HAS DEPOSITED WITH THE

INTERNAL REVENUE SERVICE A CHECK IN FAVOR OF USG IN THE AMOUNT OF KENYAN SHILLINGS 1,380,000 DRAWN ON ITS ACCOUNT NUMBER 2484 WITH THE COMMERCIAL BANK OF AFRICA, LTD. IRS IS HOLDING THIS CHECK PENDING PAYMENT IN DOLLARS OF USIU'S 200,000 DOLLAR LIABILITY. USIU APPEARS TO BE MAKING SERIOUS EFFORT TO MEET THIS LIABILITY FROM VARIOUS SOURCES INCLUDING NAIROBI.

4. IT WAS DEPT'S UNDERSTANDING IN RECENT CONVERSATION WITH USIU PRESIDENT RUST THAT HAMILTON'S VISIT WAS TO WORK OUT AN ARRANGEMENT DIRECTLY WITH GOK WHICH WOULD PERMIT USIU TO CONVERT SHILLINGS TO MEET, AT LEAST PARTIALLY, ITS PRESENT TAX LIABILITY, AND WOULD PERMIT USIU MORE FLEXIBILITY IN MATTERS OF CURRENCY EXCHANGE TO MEET ITS LEGITIMATE NEEDS IN THE FUTURE.

5. DEPT AGREES WITH EMBASSY'S ASSESSMENT THAT THERE IS NO ECONOMIC REASON WHY KENYAN EXCHANGE AUTHORITIES SHOULD BE MORE FORTHCOMING IN APPROVING CONVERSION MERELY BECAUSE EMBASSY IS SERVING AS VEHICLE FOR TRANSACTION. AT SAME TIME DEPT REQUESTS THAT EMBASSY CONTINUE TO PROVIDE SUCH HELP AND GUIDANCE TO DR. HAMILTON AS MAY BE APPROPRIATE.

KISSINGER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 31 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE021125
Document Source: CORE
Document Unique ID: 00
Drafter: GGAY:JR:CHG
Enclosure: DG ALTERED
Executive Order: GS
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974011/aaaaaook.tel
Line Count: 88
Locator: TEXT ON-LINE
Office: ORIGIN AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: (A) NAIROBI 742; (B) STATE 157517
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 01 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01-Aug-2001 by maustmc>; APPROVED <27 DEC 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NAIROBI INTERNATIONAL SCHOOL TAX LIABILITY
TAGS: AFIN, KE
To: NAIROBI
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005